

Coronavirus Aid, Relief, and Economic Security (CARES) Act

On March 27th, the President signed into law the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The \$2 trillion relief bill is the largest in US history, created to counter the economic effect of the Coronavirus (COVID-19).

The CARES Act is the third round of federal government support in response to the COVID-19 public health crisis and resulting economic downturn, building on the \$8.3 billion in public health support passed earlier in March and the Families First Coronavirus Response Act (FFCRA).

The CARES Act seeks to assist employees and employers, specifically providing two primary benefits – Keeping American Workers Paid and Employed Act and Assistance for American Workers, Families, and Businesses.

Keeping American Workers Paid and Employed Act

- \$350 billion allocated for the Paycheck Protection Program in order to help small businesses (fewer than 500 employees) maintain existing workforce and help pay other expenses from February 15th to June 30th
- Loan options tied to payroll costs and loan forgiveness
- \$10 billion for US Small Business Administration (SBA) emergency grants up to \$10,000 to provide emergency funds for small businesses to cover immediate operating costs

Assistance for American Workers, Families, and Businesses

Expanded Unemployment Insurance

- \$600 increase per week for every American (up to four months)
- Temporary federal funding of first week of regular unemployment for states with no waiting period
- Immediately available additional 13 weeks of federally funded unemployment insurance benefits through December 31st after state unemployment insurance (UI) benefits end
- Extend UI access to part-time, self-employed, freelancers, independent contractors, and workers with limited work history

Direct Payments to Working Americans

- \$1,200 one-time cash payments to every adult
- An additional \$500 for every child
- The full payment is available for individuals making up to \$75,000 (individual), \$150,000 (married), \$125,000 (head-of-household)

Payroll Tax Credit for Employers

- Refundable payroll tax credit for 50 percent of wages paid up to \$10,000 by employers to employees during the COVID-19 crisis. The credit is available to employers whose:
 - Businesses were fully or partially disrupted due to a COVID-19 shutdown order, or
 - Gross receipts declined by 50 percent or more when compared to the same quarter in 2019
- Credit can be claimed for:
 - Employees who are retained but not currently working due to the crisis for firms with more than 100 employees
 - All employee wages for firms with 100 or fewer employees

Practical Implications

For our Associates and their staff, this law presents opportunity to revisit their approach as it relates to handling their operations and staff during this time.

As with all new laws, there are many questions that continue to arise. We will continue to update our Associates with the latest resources as they become available. If you are interested in reading more, see below.

Link: [CARES Act](#)

Link: [Tax Foundation: Congress Approves Economic Relief Plan for Individuals and Businesses](#)

We encourage you to continue to refer to your state guidelines and check in with the Small Business Administration (SBA).

Link: [State Resources Library](#)

Link: [Small Business Guidance and Loan Resources \(SBA\)](#)